

USDA Foreign Agricultural Service

GAIN Report

Global Agricultural Information Network

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GAIN Report Number:

Peru

Fresh Deciduous Fruit Annual

Annual

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Report Highlights:

Grape production in Peru continues booming, driven by strong demand from international markets, and is now expected at 500,000 MT in 2014. Grapes have become one of Peru's most important agricultural exports. Grape exports in 2014 are forecast at 265,000 MT for a total value of \$600 million. Nearly half of Peru's domestically produced grape production is channeled to Pisco (spirit) production, the national brandy of the country.

Commodities:

Production:

Grape production in Peru is estimated to reach 500,000 MT in CY 2014, of which 265,000 MT is exported. Grapes have become one of Peru's leading exports driven by attractive prices and broad market opportunities. Grapes in Peru are mainly produced in the central valleys along the coast (Ica, Lima). However, new areas in the Piura and Lambayeque regions on the northern coast are rapidly developing. The average grape yield in Peru was 20 MT per hectare in 2013. Peru produces mostly Red Globe (a dark, red grape with a diameter of 24 to 28 millimeters). Other varieties produced are Crimson seedless, Flame seedless, Sugrone and Thompson seedless.

One challenge that Peru faces to increasing its grape production is controlling nematodes. Countries with colder weathers do not struggle with this pest, but due to Peru's mild weather this pest has become a problem. In the northern region of Piura, warm temperatures permit up to two harvests per year, which helps reduce the negative effects of nematodes. Peruvian producers are working to develop more resistant varieties.

Grapes are one of the most expensive crops to establish. The initial investment is around \$37,000 per hectare, while land costs are additional. However, the return on investment is also high. At current international prices, grapes are one of the most profitable crops in the country. The following is a cost estimate of establishing a hectare of grapes and a hypothetical cash flow.

Investment Item	\$/Ha
Soil preparation	6,237.42
Trellis material	10,296.20
Anti-bird mesh	3,943.64
Plants	5,458.89
Drip irrigation	5,500.00
Machinery	4,353.54

Unexpected expenses	1,789.48
TOTAL	37,579.17

Cash Flow per Hectare (Red Globe on Central Coast)

Year	0	1	2	3	4	5	6	7	8	9	10
Income											
Exports		23,369	30,755	46,737	46,737	46,737	46,737	46,737	46,737	46,737	46,737
Local market		693	912	1,385	1,385	1,385	1,385	1,385	1,385	1,385	1,385
Drawback		1,168	1,538	2,337	2,337	2,337	2,337	2,337	2,337	2,337	2,337
Total		25,230	33,204	50,460	50,460	50,460	50,460	50,460	50,460	50,460	50,460
Cost											
Production		22,000	19,500	19,500	19,500	19,500	19,500	19,500	19,500	19,500	19,500
Total		22,000	19,500	19,500	19,500	19,500	19,500	19,500	19,500	19,500	19,500
Gross profit		3,230	13,704	30,960	30,960	30,960	30,960	30,960	30,960	30,960	30,960
Investment	37,579										
Balance	37,579	3,230	13,704	30,960	30,960	30,960	30,960	30,960	30,960	30,960	30,960
Accumulated Balance	37,579	34,349	20,645	10,315	41,275	72,234	103,194	134,154	165,114	196,073	227,033

Consumption:

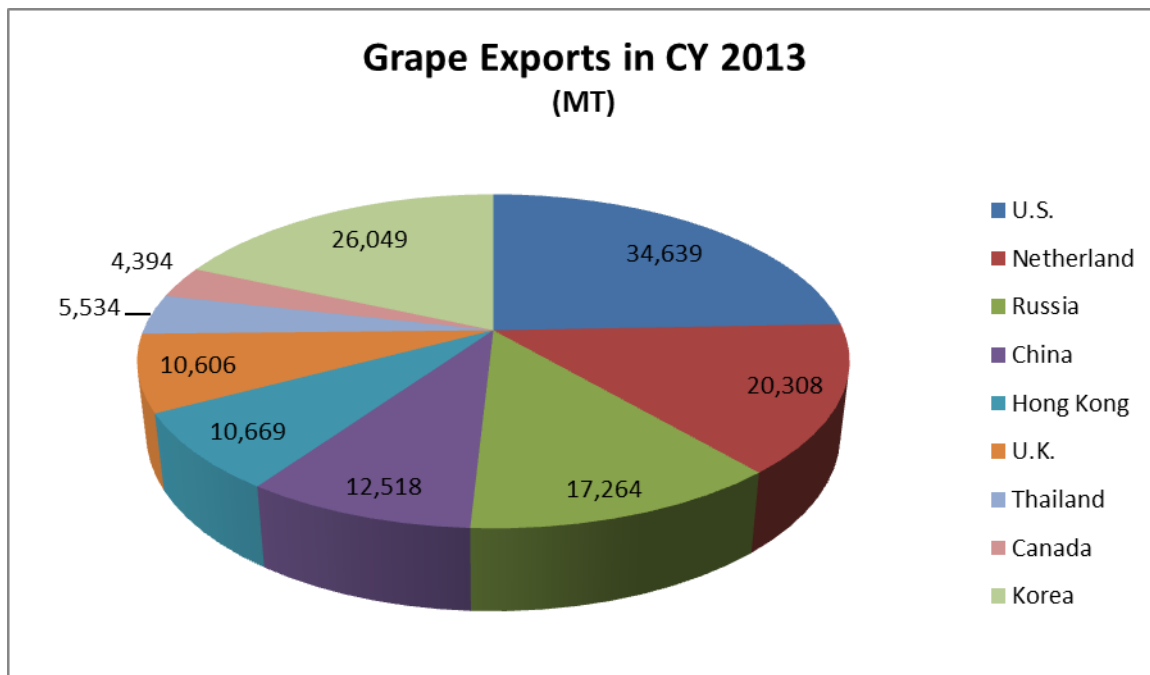
Consumption on grapes in Peru is estimated at 210,000 MT. The local grape market is significantly different from the export market both in quality and varieties. The green “Italian” grape is the most locally consumed grape, followed by “Red Globe”. Grape prices in the local market are significantly lower than the export market, which is why it is only a secondary option for grape producers.

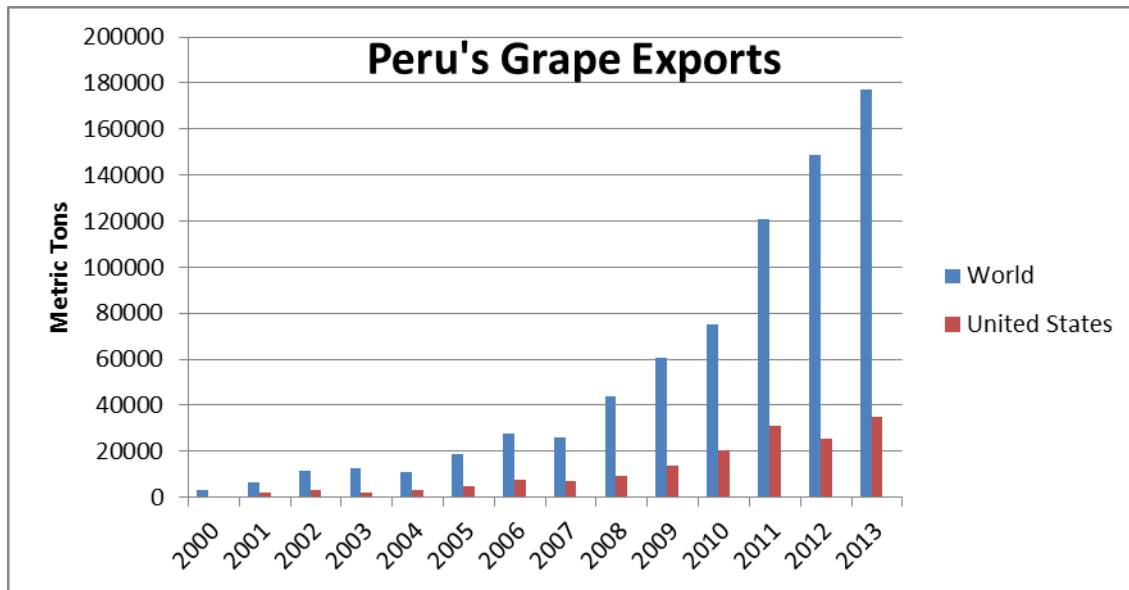
The Pisco industry is another important consumer of grapes. Peru produces 7.5 million liters of Pisco per year that equates to 105,000 MT of grapes.

Trade:

Peru's grape exports have sky-rocketed in the past decade, from practically non-existent in CY 2000 to an estimated 265,000 MT in CY 2014. Grapes have become one of Peru's main agricultural exports, totaling \$451million in CY 2013. Peru's main grape markets in 2013 were the United States at 35,057 MT, the Netherlands at 34,638 MT, followed by Russia at 20,308 MT. Other important destinations in 2013 were Hong Kong, China and the U.K. Total exports in 2013 were 177,038 MT.

Peruvian grape exports in 2014 are expected to total \$600 million. International prices have also encouraged Peruvian grape production. Export prices of Peruvian grapes have increased 30 percent since 2008, reaching \$2.55 per kilogram in 2013. Prices were slightly lower in the first semester of 2014 but are expected to recover as the harvest season approaches.





Commodities:

Select

Select